

1-1-1981

Washington report, vol. 10 no.12, May 18, 1981

American Institute of Certified Public Accountants.

Follow this and additional works at: https://egrove.olemiss.edu/aicpa_news



Part of the [Accounting Commons](#), and the [Taxation Commons](#)

Recommended Citation

American Institute of Certified Public Accountants., "Washington report, vol. 10 no.12, May 18, 1981" (1981). *Newsletters*. 780.
https://egrove.olemiss.edu/aicpa_news/780

This Article is brought to you for free and open access by the American Institute of Certified Public Accountants (AICPA) Historical Collection at eGrove. It has been accepted for inclusion in Newsletters by an authorized administrator of eGrove. For more information, please contact egrove@olemiss.edu.

AICPA *Washington Report*

May 18, 1981, Volume X, Issue 12

FCC	Minor item expense limit increase proposed.	p.1
FDIC	Semi-annual agenda released----amendments approved.	p.1
ICC	Cost center accounting and reporting proposal terminated.	p.1
NCUA	Amendment approved allowing greater flexibility for share accounts.	p.1
SEC	Commission proposes amendments to regulation S-X regarding parent/subsidiary filings.	p.2
SBA	House Small Business Chairman announces hearings on 8(a) procurement program.	p.2
Treasury	Taxation of fringe benefits recommended in joint Treasury/IRS statement.	p.2
	Office of Revenue Sharing releases annual report.	p.3

FEDERAL COMMUNICATIONS COMMISSION

An amendment to increase the dollar limit for expensing minor items from the current limit of \$50 for all carriers subject to CFR 47, Parts 31,33,34 and 35, was recently proposed by the Commission (see the 5/12/81 Fed. Reg., pp. 26356-8). This action was taken in response to a petition filed by GTE and its affiliated domestic telephone companies. All parties agree to the insufficiency of the \$50 limit and the real question is the level at which the expense limit should be set. In setting a new limit, the Commission believes it appropriate to consider the effect that inflation has had on general price levels since the \$50 limit was established in 1974, and at the same time, to carefully weigh the impact any change will have on rates charged to consumers. Comments are requested by 6/10/81. For additional information contact Gary Oddi at 202/632-3863.

FEDERAL DEPOSIT INSURANCE CORPORATION

Eight amendments to the Corporation's regulations have been approved in the past six months by the Board, according to a recent FDIC press release. Chairman Irvin H. Sprague said that most of the changes were technical in nature and were designed to improve agency operations by simplifying the regulations or eliminating unnecessary reports or procedures. The FDIC's semi-annual agenda of regulations reflects that eight proposed changes to the Corporation's regulations are under consideration. Most of these amendments also are designed primarily to simplify the regulations or streamline operations. The agenda is intended to notify the public and the banking industry of regulatory actions adopted or under consideration by the FDIC. It provides information on regulations approved during the preceding six months, those that have been proposed but not yet adopted, regulations under development and existing regulations under review. The agenda also indicates those regulations listed on the preceding agenda on which final action has since been taken or is pending. For additional information contact Carol Galbraith at 202/389-4422.

INTERSTATE COMMERCE COMMISSION

Consideration of whether or not to adopt a cost center accounting and reporting system for Class I railroads has been terminated by the Commission (see the 5/13/81 Fed. Reg., pp. 26515-16). The action is necessary due to enactment of the Staggers Rail Act of 1980 which limits the Commission's jurisdiction to determine rate reasonableness and mandates that Commission railroad accounting and cost data requirements serve a regulatory purpose. The Commission's current uniform revenue and cost systems are intended to provide essential financial and cost information within the ratemaking constraints of the Staggers Rail Act. The action is effective as of 5/13/81. For additional information contact Bryan Brown, Jr. at 202/275-7448.

NATIONAL CREDIT UNION ADMINISTRATION

An amendment to provide greater flexibility to credit union share accounts has been finalized by the Board (see the 5/12/81 Fed. Reg., p. 26275). Under this revision a Federal credit union may permit its members to make additions to a share certificate without the requirement to specify in advance. There will be no restrictions on when a share deposit can be made or the amount of an addition. The original amount in the account, as well as all additions, will remain subject to premature withdrawal penalties. Therefore, a shareholder withdrawing either the original amount or additions to the account prior to the original maturity date will continue to be required to pay a premature withdrawal penalty. The amendment is effective as of 5/6/81. For additional information contact Daniel Gordon at 202/357-1090.

SECURITIES AND EXCHANGE COMMISSION

The parent company of a publicly held corporation would no longer be required to file a separate complete financial statement under Regulation S-X amendments recently proposed by the Commission. The proposal would significantly modify financial filing requirements for parent companies and also reduce the number of instances where subsidiaries must file separate financial statements. Greater disclosure of restrictions on the ability of subsidiaries to lend or advance funds to the parent company and a greater reliance on summarized and condensed financial information would result under the proposed amendments, according to the Commission. Currently, publicly held companies must file separate financial statements for "significant unconsolidated subsidiaries." This proposal would not change the current definition of a "significant subsidiary." In addition, the Commission has proposed that the registrant compute total net assets of the subsidiary which are restricted from being used as loans or advances to the parent, and if under a formula a threshold of 25 percent of total consolidated assets is exceeded, additional footnote disclosure would be required regarding funds flow restrictions. Comments are requested by 7/13/81. For additional information contact Lawrence Best at 202/272-2130.

SMALL BUSINESS ADMINISTRATION

In a statement critical of recently announced SBA plans for changes in the administration of the 8(a) minority business procurement program, House Small Business Committee Chairman Parren J. Mitchell (D-MD) announced a series of hearings to be conducted this month on the SBA position regarding the number of entrances into the program and size standards. Appearing before members of the press on 5/8/81, Rep. Mitchell charged that proposals, issued by SBA Administrator Michael Cardenas on 5/1/81, are "in apparent violation of the laws passed by Congress...." Rep. Mitchell stated: "I am concerned because in 1980, 8(a) firms employed over 32,000 people, which is a positive factor in this Nation's attempt to address the unemployment of blacks and other minorities." Citing the passage of P.L. 95-507 by Congress in 1978, Rep. Mitchell enumerated some problems in the 8(a) program which included: inordinate delays in processing 8(a) applications; SBA field personnel not trained in objectives and delivery; and, lack of an identifiable outreach program to assist minority businesses as mandated two years ago in P.L. 95-507. For additional information contact Carol Clawson at 202/225-6020.

TREASURY, DEPARTMENT OF

Taxation of fringe benefits could occur as early as 1/1/82 according to a joint statement by John E. Chapoton, Assistant Treasury Secretary for Tax Policy and IRS Commissioner Roscoe L. Egger, Jr. before a House Ways and Means Subcommittee hearing in Washington, D.C. on 5/13/81. Arguing against the continuation of the Congressional moratorium on Treasury Department final regulations and rules concerning taxation of fringe benefits, due to expire on 5/31/81, the statement expressed the belief that most taxpayers, "agree with the basic principle that compensation, in whatever form, should be taxed." Both Treasury and IRS are apparently in the process of developing standards for the valuation of fringe benefits, and if these benefits are provided to the employee in the normal course of the employer's trade or business, they will establish a valuation "at some discount from their normal market price." Examples of benefits related to the normal course of an employer's trade or business included airline passes to airline employees, free tuition to children of university faculty members, and retail store discounts to employees. The statement emphasized that "the fact that the

benefit may be conferred at little or no marginal cost...." does not affect its value to the employee. The statement also concluded that "we recognize that some aspects of our proposal will conflict with justified expectations of nontaxability, built up over many years, and often resulting from favorable treatment granted by the IRS. In these cases, equity requires that extended transition rules be applied, again to the benefit of taxpayers and the tax collector alike." Treasury and IRS intend to present a draft of their new proposals to the Congress and the public soon, and then provide an "extended period of public discussion and comment...."

In a related matter, IRS Commissioner Egger appeared before an Oversight Subcommittee of the Ways and Means Committee on 5/11/81, to discuss the proposed IRS budget for Fiscal Year 1982. Commissioner Egger stated: "the most significant aid that Congress could give the IRS to help it enforce the tax laws is not additional money but simplification of the tax code." While not welcoming the cuts made in some activity areas, he stated his belief that it was a fair budget which does not threaten the ability of the IRS to maintain the degree of enforcement "necessary to ensure a continued high degree of voluntary compliance with the tax system."

Follow-up reviews of State audit agencies during fiscal 1980, in connection with the requirements of the Federal Revenue Sharing Act, revealed that all such agencies had either achieved an acceptable status or the recipients involved arranged to have their audits performed by independent public accountants, according to a recently released Eighth Annual Report of the Office of Revenue Sharing. The report also stated that the major emphasis was placed on the review of 19,554 audit reports that had been submitted to the Office of Revenue Sharing or to State audit agencies by 9,627 recipient governments. Copies of the report may be obtained by contacting Ms. Mellony Smith at 202/634-5248.

For additional information, please contact Jim Kovakas, Gina Rosasco, Nick Nichols or Kathee Baker at 202/872-8190.

AICPA *Washington Report*

American Institute of Certified Public Accountants

1620 Eye Street, N.W., Washington, D.C. 20006

FIRST CLASS MAIL